GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2271
ANSWERED ON:10.03.2006
INDEPENDENT DIRECTORS ON BOARD OF PSBs
Nahata Smt. P. Jaya Prada

Will the Minister of FINANCE be pleased to state:

(a) whether the Government appointed some politicians as independent directors on boards of public sector banks recently;

(b) if so, the details thereof; and

(c) the facilities proposed to be given to such directors ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)&(b):- Section 9(3A) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 which deal; vifh the nomination of part-time non-official directors on the boards of nationalised backs is as under:-

The Directors to be nominated under clause (h) or to be elected under clause (i) of subsection (3) shall-

(A) have special knowledge or practical experience in respect of one or more of the following matters namely :-
1. agricultural and rural economy
2. banking
3. co-operative
4. economics
5. finance
6. law
7. small scale industry
8. any other matter the special knowledge of, and practical experience in, which would, in the opinion cf the Reserve Bank , be useful to the corresponding new bank:

(B) represent the interests of depositors ;or

(C) represent the interests of farmers, workers and artisans.

Similarly Section 19 (l)(d) of the State Bank of India Act, 1955 provides that persons having knowledge of the work of co-operative institution and of rural economy or experience in commerce, industry, banking or finance may be nominated as directors . Nomination of director on the boards of public sector banks have been made keeping in mind the above qualifications and in accordance with the provisions of the Act and Scheme framed in this regard by the Government.

The list of recently appointed part-time non-official directors on the boards of public sector banks is annexed. Some of the Directors indicated in the list may also be politicians, but they fall within the eligible criterion indicated above.

(c):- In terms of the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970/1980 and as per the provisions contained under Sections 27,28 and 29 of SBI Act, 1955, the directors are entitled for sitting fees for attending the Board meetings or of any Committee of the Beard or for attending to any work of the bank. In addition to the fees, these Directors are also entitled for reimbursement of travelling and halting expenses, if any, on such basis as may be fixed from time to time by the Central Government after consultation with RBI.